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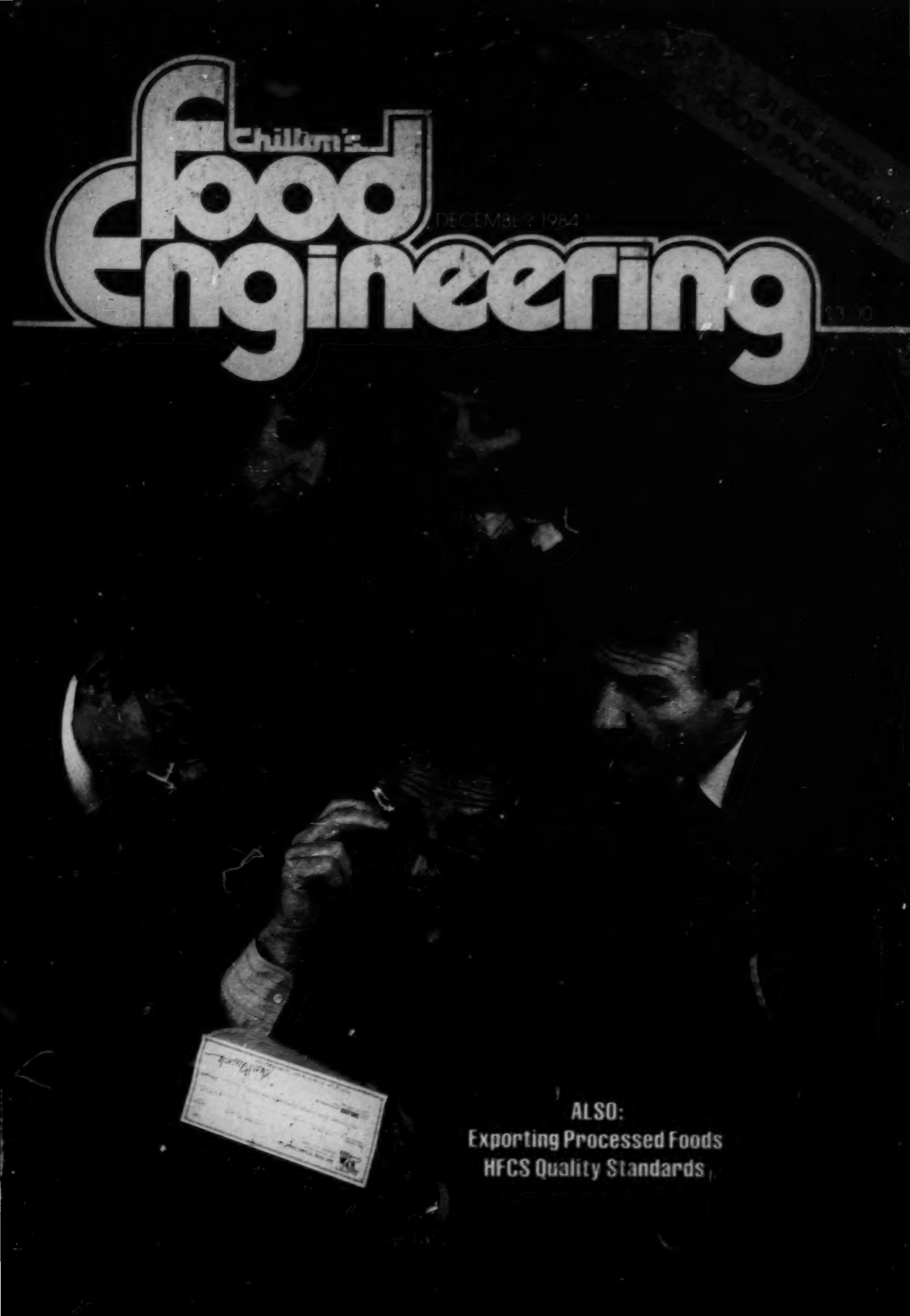
DECEMBER 1984



ALSO:
Exporting Processed Foods
HFCS Quality Standards

Chilton's Food Engineering

ABOUT THE COVER

Compensation: it's one of our most closely guarded secrets. Still, we'd all like to know how we're doing compared to others in the field. Food Engineering's 1984 Salary Survey provides a guide to how you rank in compensation.

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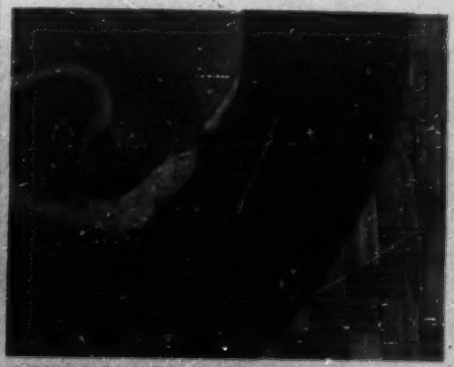

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PROCESSING EQUIPMENT

We give special focus in our new product section to processing equipment. A water jet cutting system is just one of many new items featured.

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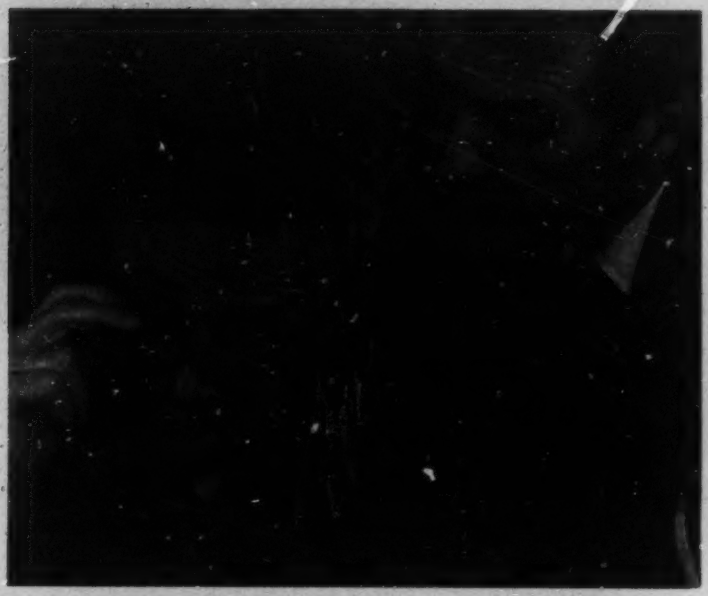
1984 SALARY SURVEY

Are you better off than you were four years ago? Not if you work in the food industry! Salaries average only 14.5% higher than in 1980. With inflation, that's 8.3% less!



Bill Drennan
Senior Editor

We're not saying that each individual in the food industry is making 3,000 1980 dollars less than he was four years ago. But the results of *Food Engineering's* exclusive 1984 Salary Survey indicate that the industry average is down by that amount. According to over 1,600 respondents to our survey, the average (median) salary for all types of food industry "managers" is $33,200. That's an increase of only $4,200 from 1980, not allowing for inflation. And, that's *down* $2,200 from last year's survey. With an inflation rate of 3.8% for the year ended August, 1984, last year's average of $35,400 should have *increased* to $36,750, just to break even.

Vice Presidents of Manufacturing top our list this year, with an average salary of $57,300. That's 2.6% less than reported by the same group last year. Salaries of Vice Presidents of Marketing/Sales are down 8.8% to $56,000. Vice Presidents of Research & Development lost a whopping 20.7%, according to the survey. Salaries for this group fell an average of $13,800 to $53,000 this year.

Only six categories reported average salary increases this year. Engineering Managers topped the list, with an average increase of 7.2%, or $3,100. Product Managers followed, with an average increase of 6.7%, or $2,300. The only other significant increase went to Marketing Managers. This category jumped 5.6%, or $2,400 to $45,400. Other categories reporting increases were Chemists, up by 1.4%; Sales Managers, up by 1.3%; and Packaging Managers, up by 0.8%.

Salaries in all other categories declined. The largest drops, after Vice Presidents of R&D were suffered by Production Supervisors and Food Technologists, whose average salaries declined 9.9%. Sanitation/Maintenance Managers dropped 9.2% and Quality Control Managers, 9.0%. Even a 5% increase looks good next to these numbers.

An attempt to generalize on the salaries of Presidents, C.E.O.'s and C.O.O.'s would be non-productive. Salaries of these executives range from under $10,000 for some smaller companies, up to over a million dollars for food giants such as Coca-Cola and Nabisco Brands. Most of the Presidents responding to our survey are from companies with fewer than 100 employees. These executives averaged only $46,100 in salary.

Why the drop?

The first thing we studied in determining the reason for the drop in salaries was the survey itself. However, we found that the respondents as a group were very similar to last year's group. The percentage of responses from each different job category were very close to last year. Responses from different sections of the country were also very similar.

There are almost exactly the same percentage of male and female responses as last year. The percentages of respondents working for small and large companies is also very similar to last year. We then looked at the experience factor, and found that this year's respondents had slightly *more* experience than last year. 58.8% of this year's respondents have 15 or more years experience. Last year the figure was 56.8%. In education, 73.0% of this year's respondents

(Continued on next page)

The salaries of all Vice Presidents as a group fell by 9.2% this year to $56,100.

hold at least a Bachelor's degree, compared to 69.1% last year.

So what's the answer? Sales and profits are generally up throughout the industry. Capital is widely available. So much so, that major companies are acquiring and merging with each other at a record pace. 645 transactions occurred in 1983, and the 1984 pace has been exceeding that. Cash is also available for stock repurchase plans. Several major companies, including General Mills, Beatrice, Ralston Purina and Nabisco are engaging in stock repurchase. Expenditures for advertising have been phenomenal, as companies battle each other for a larger share of a static marketplace.

Consolidation a factor?

Perhaps the answer lies in the consolidation of the industry. It may be becoming a buyer's market as the total number of jobs available shrinks. This is especially true for top executive positions. The first positions to be trimmed after an acquisition are high-paying executive jobs that can be handled centrally by the acquiring company. Sales and marketing staffs are also often consolidated.

Another culprit could be the lack of inflation. For the year August, 1983 to August, 1984, the inflation rate was 3.8%, according to Department of Labor statistics. While a low inflation rate has contributed to an expanding economy and stable prices, it also means that cost of living increases have been negligible or nonexistent. Companies can also afford to offer less for new or replacement positions, knowing that the economy will back them up.

Right down the line, the best salaries are paid by companies with 500 or more employees (see accompanying chart). About half of our respondents work for large companies (500 or more employees). The median salary for these respondents is $37,000, $3,800 above the overall average, and $6,400 higher than the median for companies employing fewer than 500 employees. The only real stability is for Project Engineers whose compensation is nearly equal for all categories. On the other hand, Engineering Managers are paid nearly twice as much at large companies, than at companies with fewer than 100 employees. The top paying jobs generally pay much more at larger companies.

Salaries vs. education

Almost three quarters of this years respondents have at least a Bachelor's degree. This could reflect the requirements of the technical positions multiplying throughout the industry. Engineering Manager, Project Engineer, Technical Director, Quality Control Manager, Food Technologist and Chemist are all positions requiring technical expertise generally found in a college education. People holding these positions accounted for 35.8% of our respondents.

The median salary for this "technical" group is $32,800, just under the total median salary of $33,200. This group is vocal, and feels it is

Salary Range By Job Function

The numbers indicate the percentage of respondents in each salary range by job function. For example, 17.9% of the responding Engineering Managers reported a salary within the range of $55,000-$59,999.

	Vice President R&D	Vice President Marketing/Sales	Vice President Manufacturing	Technical Director	Marketing Manager	Engineering Manager	Plant Manager	Sales Manager
Under $10,000	—	2.0	—	—	—	—	1.0	1.2
$10,000-14,999	—	—	—	0.9	—	—	1.0	—
$15,000-19,999	—	2.0	2.1	0.9	7.3	1.5	2.0	4.8
$20,000-24,999	—	4.0	2.1	0.9	2.4	6.0	11.2	10.8
$25,000-29,999	5.6	4.0	4.2	9.4	12.2	3.0	15.3	13.3
$30,000-34,999	—	12.0	4.3	17.0	7.3	9.0	10.2	12.0
$35,000-39,999	5.1	8.0	4.2	12.3	17.1	13.4	12.2	12.0
$40,000-44,999	11.1	4.0	6.3	11.3	2.4	11.9	10.2	10.8
$45,000-49,999	16.7	10.0	12.5	17.9	22.0	23.9	16.3	12.0
$50,000-54,999	11.1	4.0	6.3	9.4	9.8	10.4	4.1	6.0
$55,000-59,999	27.8	12.0	12.5	11.3	14.6	17.9	8.2	12.0
$60,000-64,999	5.6	14.0	14.6	1.9	2.4	—	5.1	3.6
$70,000-79,999	5.6	8.0	12.5	2.8	2.4	3.0	1.0	1.2
$80,000-89,999	—	2.0	4.2	0.9	—	—	1.0	—
Over $100,000	5.6	16.0	12.5	0.9	—	—	—	—

underpaid. One Food Technologist earning between $30,000 and $35,000 states, "For the amount of education required and considering the responsibilities of Technologists vis a vis product safety and compliance, I feel they are underpaid." A Technical Director making between $45,000 and $50,000 believes that "Chemists in the food industry are not paid equally with Chemists in other industries with similar degrees." A Quality Assurance Supervisor in the meat industry says, "People do not understand the extent of what technical people contribute." An Engineering Manager making between $40,000 and $45,000 complains, "Salaries for engineers in the food industry have always lagged behind salaries paid by other industries. I've tried moving elsewhere during the past 2-3 years, but there seems to be little or no demand for middle level engineers in the food industry, while other industries require applicable experience for their particular field."

The experience factor

In general, the more years experience you have, the higher you're paid. But, it's not that much higher (see accompanying chart). 20-24 years of food industry experience is only worth $15,500 more than 3-5 years of food industry experience. And it's a slow, gradual climb. Promotion is much more important in terms of salary than experience. *What* a person does is worth more than *how long* he or she has been doing it. And yet, experience is a sore point with many of our respondents.

One Project Engineer with 10 years total experience states, "Whereas a salary of $35,000 is respectable for 10 years experience, graduates fresh out of school are receiving starting salaries of $27,000 to $30,000. Shouldn't 10 years experience be worth more than $5,000 per year?" A Food Technologist with 30+ years experience contends that, "Younger managers should spend more time in grade so that they fully understand their job function and the quirks of their industry. More practice, less theory." A Quality Control Manager with 30+ years experience asserts, "It is my opinion that insufficient consideration is given to those who bring to their position long and varied experience. These are the people who anticipate problems, minimize consequences, yet they are more often than not taken for granted."

A Purchasing Manager with 30+ years total experience expresses what must be the opinion of many long term employees, "As an individual grows older, both in actual years and employment with a company, there seems to be a tendency to overlook the fact that one is still capable and productive. This is especially true if one is middle management. Assignments and promotions are given to younger people. Yet, given the opportunity to work with these younger people would only benefit all involved."

On the flip side of these complaints, a young Food Technologist earning $20,000 to $25,000

(Continued on page 66)

Engineering Managers were one of the few groups to do significantly better. Salaries rose 7.2% to $46,000.

Packaging Manager	Project Engineer	Product Manager	Transportation/ Distribution Manager	Plant/Facility Maintenance Manager	Purchasing Manager	Quality Control Manager	Production Supervisor	Food Technologist	Chemist
3.4	—	—	—	—	0.8	—	—	2.3	—
2.3	—	3.3	3.4	6.7	4.3	6.3	1.9	8.0	—
8.0	2.2	6.7	10.3	13.3	14.4	18.0	20.4	20.5	4.5
8.0	13.0	3.3	13.8	6.7	13.4	16.9	24.1	17.0	27.3
11.4	15.2	3.3	20.7	33.3	6.3	25.4	33.3	22.7	22.7
12.5	23.2	16.7	13.8	16.7	22.0	14.8	5.6	14.8	27.3
17.0	17.4	40.0	10.3	13.3	7.8	7.9	5.6	11.4	4.5
9.1	17.4	13.3	10.3	13.3	9.1	5.3	5.6	5.4	—
10.2	5.4	6.7	10.3	3.3	5.3	3.1	3.7	—	4.5
6.8	1.1	—	1.7	—	2.0	2.1	—	—	—
6.8	—	6.7	1.7	—	3.3	1.1	—	—	9.1
3.4	—	—	1.7	—	0.8	0.5	—	—	—
—	—	—	1.7	—	0.8	—	—	—	—
—	1.1	—	—	—	0.8	—	—	—	—
1.1	—	—	—	—	—	0.5	—	—	—

informs, "A Fortune 50 company, such as the one I'm employed with, grossly underpays their entry level managers. In fact, the majority of my hourly employees make more than I do!"

Male vs. female salaries

There is little change in the relative status of female salaries this year. Female respondents averaged $22,100 this year, $13,000 less than male respondents. The only category in which females did not earn significantly less than their male counterparts, was Product Manager, where both averaged $37,000. One female Purchasing Manager writes, "While trying not to sound like a feminist revolutionary, women are still being grossly underpaid. I'm currently seeking new employment because my salary is under $30,000, while I'm responsible for purchasing $30,000,000 in raw materials, plus futures trading."

Benefits packages

"Fringe benefits are also an important consideration in addition to salary, i.e. dental plans, life insurance, etc.," says one Technical Director. Many of our respondents listed life insurance, health insurance, retirement plans and bonuses or profit sharing plans as benefits. Full or partial tuition reimbursements are becoming a popular benefit. And yes, company cars are still around for Sales Managers and top executives.

However, one Quality Control Manager voices what must be a common complaint. "It's my contention that bonuses, incentive pay, automobiles, country club memberships and other "perks" should be done away with for top management executives. Why should they have more when they earn enough already? Perhaps better job performances would occur if the "working" forces were treated to some of these benefits, even on a sporadic basis."

A variety of response

An important facet of our annual survey is the "Comments" section. It is through your comments that we get a feel for the industry attitude towards salaries. Hopefully, we can convey this to our readers. A Product Manager from the Middle Atlantic states tells us, "In lower levels of marketing, there's a big problem with salaries because the 'market price' of new people has escalated so much. So new people make the same salary (or more!) than people one level above them because the raise/compensation system can not address these issues."

A West Coast Food Technologist says, "I have observed that salaries for professionals in the food industry are very politically oriented. Merit has little or no place." A Plant Manager from the Southwest believes, "I have worked hard and trained my people well. When I leave this company, production will remain the same. However, my ex-employer will pay 15% more for my replacement. And, with any luck I'll get the same increase when I replace some other manager that's being taken for granted."

A West Coast Project Engineer informs us that, "Salary increases based on performance

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COMPENSATION/HOW DO YOU RANK?

Food Technologists and Q.C. Managers averaged less this year. Combined, their average salaries dropped 9.1% to $26,000.

Salaries vs Experience

Years Experience	Total Experience Median Salary	Food Experience Median Salary
0-2	$17,400	$23,300
3-5	22,300	23,200
6-9	26,700	27,600
10-14	32,100	32,400
15-19	33,800	36,100
20-24	37,700	40,700
25-29	40,800	42,000
30+	40,600	38,900

Respondents were asked to supply both their total years of experience and their years of food industry experience. For example, one Technician/Distribution Manager listed 30-years of total experience, but only 0-5 years of food industry experience.

Geographical Average Location Salary

Location	Salary
New England	$30,500
Middle Atlantic	33,000
South Atlantic	33,000
Deep South	28,000
North Central	32,000
Plains States	27,500
Rocky Mountain	28,500
Southwest	33,000
West Coast	33,000
Outside Continental U.S.	37,000

Average (Median) Salaries By Company Size

	1-99 Employees	100-499 Employees	500 or more Employees
Vice President, Manufacturing	$47,000	$54,500	$75,600
Vice President, Marketing/Sales	39,500	56,300	65,000
Vice President, R&D	49,000	49,500	57,000
Engineering Manager	27,000	39,000	48,500
Marketing Manager	28,000	37,000	47,600
Technical Director	33,000	32,700	48,500
Plant Manager	38,600	41,500	48,300
Quality Manager	34,500	37,000	41,600
Production Manager	30,000	36,500	37,300
Packaging Manager	32,000	29,500	37,300
Purchasing Director	33,000	31,200	33,900
Quality Control Supervisor	19,000	22,700	27,000
Plant Engineer	27,200	22,800	33,300
Corporate Personnel Manager	28,000	28,500	38,000
Chemist	22,500	22,800	31,000
Quality Control Manager	32,000	23,400	30,700
Production Supervisor	24,500	23,800	27,300
Plant Technician	19,500	21,600	27,300

While you will certainly make more money with a large company, it certainly seems to help across the board. The highest average salaries are paid by companies with 500 or more employees.

appraisal programs generally tend to point up problem projects and play down exceptional projects." Finally, a Chemist from the North Central states writes, "We need strong leadership with good strategy, (not a mediocre manager who achieves everything through other people, but a leader who makes breakthroughs) to win a game. However, managers in this country are more harmful than helpful to technical people."

Playing the game

In any capitalistic industry, salaries are, always have been, and always will be an expense. With all companies, the object of the game is to make a profit and keep expenses to a minimum. With larger companies, priorities are given to: *capital spending*, to remain competitive by keeping plants and equipment up to date and to maintain asset value; to *dividends*, to keep stockholders (technically the owners) happy; and to *marketing*, to maintain or improve sales volumes. With smaller companies, just staying afloat can be a priority. In union shops, union wages are a "given".

So in this country, the line is generally drawn at R&D, and at compensation for middle and lower management. The object of the game is not to improve the relative status of a company's employees. The object is to improve the position of the company itself. If an indivjdual is perceived as important in contributing towards that end, and if that individual demands higher compensation, then that individual will get it. Otherwise, salary increases will be held to the bare minimum. Individuals are as often promoted or dismissed because their compensation is perceived as being too high for their responsibilities, as for relative merit. Judging from the results of this year's survey, this year, the corporate entity is winning.

Circle 82 or see FEM, p, 30 ⟶

MARKETS/INTERNATIONAL SURVEY

TOMORROW THE WORLD!

The U.S. market is becoming mature. Future success in the processed food industry may well depend on exports. Opportunities exist in many foreign countries if trade barriers can be overcome.

Big financial deals, involving food companies, dominate today's business news. Maybe no other industry in America is undergoing such profound change. One food giant gobbles up another almost on a daily basis. At the same time the food industry continues to pummel the marketplace with over 3,000 new products a year, although only a fraction of these products will survive to become an established brand.

Both phenomena, the acquisitions binge and the obsession with new products, can be traced back to one driving force—the American marketplace is only so big and it doesn't expand much from one year to the next. Overall packaged food volume grows at a mere 1 to 2 percent per year. With a non-expanding market that means the leading food corporations in America must battle each other for every precious market share point.

What's needed, say some people in the industry, is a larger market. What's especially heartening, they add, is that it's already here, just awaiting an assertive industry. The market they are referring to is the 4 billion or so other people who live on this planet with us—the international market.

Food Engineering recently conducted a telephone survey of companies exporting processed foods. What that survey revealed (see the tabulated results on page 75 of this article) is that a growing number of companies see the international market as one of their best hopes for achieving growth.

We know that the United States has become the world's largest exporter of commodities. What is not as well known is that value-added food products now account for 35 percent of U.S. food exports. On an overall basis, growth in this category has averaged 7 per cent per year since 1977. Today these products account for over $11 billion in export food sales.

It is unlikely that the world demand for our increasing food production will be met by exporting only commodities such as wheat, corn, or soybeans. Increasingly the nation will come to rely upon regional food processors to convert

(Continued on page 74)

"To be successful in the future, food processors must look beyond the shelves of local stores and make the world their marketplace."
— James L. Dutt, chairman & CEO, Beatrice

much of our production into value-added products which meet the growing demands for specialized foods, particularly for our more affluent trading partners such as European nations and a growing number of countries in the Far East and Latin America.

In fact, developments in American food processing technology has played a major role in the growth of American exports overseas during the last 10 years. For example, during this last decade frozen vegetable exports increased 400 per cent from 21 million to 82 million pounds. Exports of canned vegetables more than doubled from 212 million to 332 million pounds. Frozen non-citrus products have increased 250 per cent from 22 million to 55 million pounds. Frozen citrus products have shot from 151 million to 239 million pounds in this ten year span. The dairy industry has also carved a significant niche by further processing perishable milk into a variety of dairy products whose demand has increased nearly 400 per cent from 1.3 billion pounds per year to over 4.5 billion pounds annually. Similarly, processed fish products have more than doubled from 215 million pounds to well over 500 million; beef from 144 to 305 million pounds annually; ready-to-cook chicken from 203 million to 675 million—a 300 percent increase.

NASDA Exposition

Still, for the most part, the number of food companies taking advantage of this opportunity for new markets is relatively small. It probably won't remain small. Both the federal government and individual state departments of agriculture are beginning to make it easier to get into the export market. For example, the National Association of State Departments of Agriculture (NASDA) in 1983 sponsored the National Food and Agriculture Exposition featuring exhibits by U.S. processors. The show was attended by foreign buyers from 76 countries. The next show is scheduled for April 22-24, 1985 in Kansas City and should draw an even higher attendance of foreign buyers and up to 600 exhibitors from the food industry.

Many of the exhibitors as the NASDA exhibition will be small companies but recognition of the international market is also on the minds of the national's largest food companies as well. In the August, 1984 issue of *Food Engineering* James L. Dutt, chairman and CEO of Beatrice wrote: "To be successful in the future, food processors must look beyond the shelves of their local stores and make the world their marketplace. This trend will accelerate in coming years because the opportunities for expansion and real growth in the international arena outweigh the potential in domestic markets.

"The world marketplace," continued Dutt, "has many countries with expanding populations, all clamoring for more consumer goods. In particular, the Pacific Basin has exciting growth potential, and many areas of Latin America are ripe for growth. Gaining market share is often easier in these areas than in highly saturated domestic markets, where enormous efforts and expenditures are required for minimal shifts in consumer allegiance."

Dutt, in that last statement, zeroes-in on what many think will become a compelling reason for large food corporations to go international. To establish a brand in the marketplace a company must be prepared to spend anywhere from $15 million to $50 million. And even that investment is no guarantee that a competitor will not come along with a more popular product in that category, or spend a little more to gain control of the market. The American food market has become a battlefield laced with plenty of mine fields.

Secrets to export success

Success in exporting is not simply a matter of deciding you want to be in the export business one day and gaining instant success the next day. Yes, there's a market out there but finding it and profiting from it requires commitment and hard work. That's the gist of our telephone conversations with food processors who do export. They emphasize that entering the international market can be a little like a roller-coaster ride. A particularly difficult hurdle today, for example, is the strength of the dollar. Over the past few years, the value of the dollar has increased dramatically vs. most foreign currencies. Since the beginning of 1981, the dollar has risen 90.8% against the British pound, 54.3% against the German mark, and 106.0% against the French franc. This makes it easy to buy foreign goods, but extremely difficult to sell domestic goods abroad.

The processors interviewed by *Food Engineering* were all exporting. Their export sales varied from 5 percent to 50 percent of total sales. About 30-40 percent were a little dismayed about their export sales citing a strong dollar as one of the major handicaps. But there were certain common denominators that surfaced among the more successful companies:

1. Make a commitment. A decision, understood and supported by all levels of management, that the company is, in fact, now in the international market is a critical first step. This means that even during currency swings management will continue to support its international sales program. Top management's response and attitude during low periods in export development will set the tone when the climate improves.

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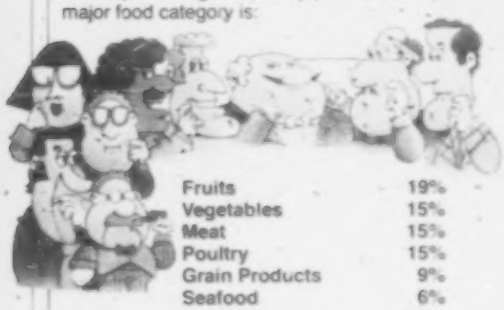
I. A sampling of American food processors who currently process and export a variety of food products throughout the world. The sample was designed to be random in the selection of the particular company but fairly representative of the range of processed food products currently being exported from the United States.

The percentage of survey participants by major food category is:



Fruits	19%
Vegetables	15%
Meat	15%
Poultry	15%
Grain Products	9%
Seafood	6%
All Other	21%
	100%

44% Strong Dollar

34% Trade Barriers

22% Regional Taste Preferences

Three Major Obstacles to Increased Food Exports

II. The survey participants currently export to most areas of the world other than Eastern Europe and the USSR.

The percentage of respondents who currently trade with each geographic area is:

Latin America	21%
Asia	17%
Western Europe	16%
Canada	14%
Oceania	11%
Africa	9%
Middle East	7%
All Other	5%
	100%

III. (a) The sales trends of the survey companies as a whole have been generally upward over the past five years.

Sales Trend last 5 years	
Decrease	38%
Steady	21%
Increase	41%

III. (b) However, the super strong U.S. dollar made trading this year much more difficult and overall sales have fallen.

Sales Trend 1984 versus 1985	
Decrease	45%
Steady	16%
Increase	39%

III. (c) The current slowdown in exports has not discouraged the average food exporter. In fact, most are optimistic that the next five years will result in better sales than ever:

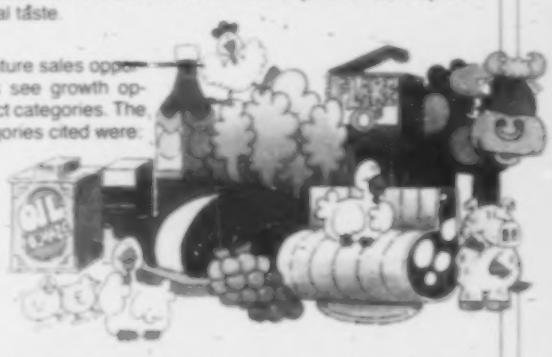
Sales Trend Next 5 years	
Decrease	29%
Steady	4%
Increase	67%

IV. Most respondents are in agreement that currency-related problems, such as the strength of the dollar, are their greatest obstacle to increased sales.

Trade barriers, duties, and quotas are also a significant problem.

Their third greatest obstacle to overcome is in the area of product development and packaging to suit local taste.

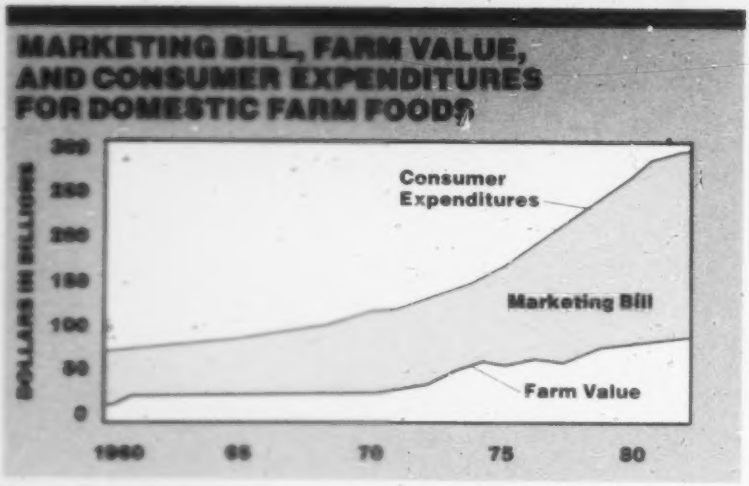
V. As they assess their future sales opportunities, the respondents see growth opportunities in many product categories. The five most promising categories cited were:



#1 Poultry products
2 Meat products
3 Cereal and bakery products
4 Fruits
5 Fats and vegetable oil products

VI. The regions of greatest growth in the next five years appear to be:

Asia	23%
Latin America	19%
Canada	19%
Oceania	15%
Western Europe	14%
Africa	10%



Exporting processed foods rather than raw materials takes advantage of the huge difference between farm value and consumer expenditures.

2. Look international. Sales literature, specification sheets, and foreign advertising should be translated even if the people you deal with speak English. For most Americans traveling abroad it's easy to come to the conclusion that everyone speaks English. Fact is, while the people you deal with may speak English, their business activity in the office is conducted in their own language. Clerks, secretaries, operations people, research and development personnel need information in their language to be most effective. If you have foreign sales offices or distributors their locations should also be listed on technical material or your letterhead.

3. Act international. The more you know about the countries and cultures to which you are selling, the greater your chances of success, say those who are successful. Try to learn another language. You don't necessarily have to be fluent in a second language but, if nothing else, it will help you appreciate the difficulty you customers have in conducting business with you in a second language. When traveling abroad, the key word is *tolerance*. You don't have to like the food, hotels, or driving customs in a country, but you may be better off by accepting them and not complaining.

4. Develop products for the market. The more you know about potential markets, the greater your chances for success. This may require you to consider alternative means of processing, packaging, and ingredients technologies. In Europe, become aware of national or EEC regulations governing flavors, colors, and other ingredients. Analyze distribution and retail environments. Chances are you may want to package products differently for a wider range of temperature and handling extremes.

Products that sell well in the United States will not necessarily be popular in another culture. Encourage buyers in foreign markets to give you ideas of how you can develop successful products for specific markets.

5. Establish affiliates. Another route to success is to establish an affiliation with a processor in another country. That company may have products or raw materials you would like to introduce into the U.S. On the other hand, the foreign processor certainly knows his market better than you do and has an established national sales and distribution network that can help your products gain acceptance.

Beatrice, for example, established a 50-50 joint venture with Guangmei Foods Ltd. in China. That relationship is now producing extruded corn snacks for export and the Chinese market. Start-up will begin shortly for soft drinks for consumption within China and for export. Eventually, other products, including canned vegetables and fruit juice will be added.

A major benefit of this type of expansion into international markets is the synergy that can be created. The canned vegetables from Guangmei will be used by Beatrice's La Choy operations in the U.S. Payments for the vegetables, in turn, will provide hard currency for building additional manufacturing capacity needed to produce items for the Chinese market.

From TVs to Sushi

While we are accustomed to considering Japan as an exporting giant, increasingly dominant in former American strongholds, Japan today is also consumer of foods and beverages from nearly every corner of the globe. And a lot of what Japan wants is American made food. Even the nutritional concerns are similar. There's growing interest there today in weight control and cutting down salt intake.

On the other hand, a current boom in Japanese food and beverages means that, in the future, Japanese food makers will be competing with American processors. Sushi is just the beginning of this new competitive wave. Kibun Company is marketing surimi to the U.S., Kikkoman has long been a force in the U.S. food market, and even barbecue sauce, made by Ebara Foods, is being sold to the U.S. Beer companies are also enthusiastic about sales in the United States. The exports of four brewers, says *The Japan Economic Journal*, Kirin, Sapporo, Asahi and Suntory rose more than 50 per cent on average last year. Sapporo Breweries Ltd., which is catching up with Kirin Brewery in the U.S., will shortly set up a subsidiary in the U.S. to boost sales.

A matter of survival

With Japan increasingly active in food and beverage exports and European firms also gaining momentum in this market, American food companies may find in the next ten to fifteen years that going international will become a matter of survival.